

6 December 1954

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT : Proposed Regulations [REDACTED]
[REDACTED]25X1A
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1. You have forwarded to this Staff copies of the subject regulation as a matter of possible interest to us. The following paragraphs indicate certain comments thereon which we believe merit your attention.

2. Proposed Regulation No. [REDACTED] defines, in the first sentence of paragraph 2 (b), a project as "an operational entity or unit of operations, to which funds and other resources are allotted for use in performance and against which accountability will be maintained during and after performance." In our judgment, that part of this proposed definition which reads "and against which accountability will be maintained during and after performance" is not an integral part of the definition of a project inasmuch as accountability may or may not be maintained for the funds and/or material allotted to a project, depending upon project circumstances and the procedures provided for in the Administrative Plan. Accordingly, we are of the opinion that this latter text should be deleted from the subject paragraph.

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3. Regulation No. [REDACTED] also provides in the last sentence of paragraph 4 (c)(1)(4) that, in connection with approval procedures for espionage and counter-espionage operational projects, "Proprietary, subsidy, and other projects will be handled in accordance with established procedures." It is our view that the purpose of this text evidently is to focus attention upon the requirement that the Plan process be followed where appropriate. If this assumption is correct, it is our thought that greater clarity would be achieved in the quoted sentence if it were revised to read substantially as follows: "Proprietary, subsidy, and other projects requiring extraordinary authorities and special support will be handled in accordance with authorized administrative planning procedures."

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4. Regulation No. [REDACTED] provides in Figure 1 for a skeleton form of project outline to form the basis of the Plan program and project approval procedure. Paragraph 9 of this project outline form is entitled "Budget Data." In view of the numerous discussions which have been held during recent months relative to procedures by which appropriate controls can be established over deviations from the budget as approved for a given period, it is believed that a new sub-paragraph should be added to the "Budget Data" section of the required project outline form, as follows:

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- 2 -

"(h) Deviations. (Indicate by fixed dollar amount, or by a percentage of total category expenditures, when significant changes in line items of the approved budget will be referred to the approving authority.)"

It is the intent of this language to require that the division itself indicate what it deems to be a significant deviation from the various items of its budget, and that the Comptroller, in the discharge of his function as a non-voting member of the PRC, will thereafter have the opportunity to review this assessment by the division. If this procedure is adopted, we believe that it will obviate many of the difficulties now encountered on a case basis with respect to budgetary deviation practices.

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5. The word "of" in the fourth line of 4 (c)(1)(a) in Regulation should be deleted.

Chief
Project Administrative Planning Staff, DD/A

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PATS/DDA/RLB:blp
(8 December 1954)

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